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SUBJECT: THE FIGHT AGAINST CORRUPTION IN ROMANIA: PASSING MARKS FOR CURRENT EFFORTS, BUT MORE EFFORT NEEDED IN THE LONG HAUL

REF: BUCHAREST 1433

Classified By: DCM MARK TAPLIN FOR REASONS 1.4 (B) & (D)

¶1. (C) Summary: There is some good news in Bucharest these days in the fight against corruption, a longstanding Romanian vice. There is something of a consensus that ongoing anti-corruption efforts are positively impacting both Romanian political life and society. Corruption remains rampant in every sector, but the parade of dignitaries before anticorruption prosecutors, magnified by a media eager to document every twist in such high-visibility cases, is sending a message that high-level corruption cannot be practiced with the same insouciance and impunity. Still, despite the European Commission's public pronouncements citing improvements, EU officials in Bucharest are among the first to discount privately any profound change of Romanian attitudes toward corruption. While prosecutors have been active in obtaining indictments against corrupt individuals, the judiciary continues to be a weak link. Romanians working to rein in corruption also concur that the changes they have made, though significant, may not be lasting. They cite the lack of political will to seriously fight corruption as evidenced by parliamentarians' attitudes toward the last major piece of EU-endorsed anti-corruption legislation establishing a National Integrity Agency. In a reprise of parliament's refusal last February to confirm as law an emergency ordinance establishing the National Anticorruption Directorate, parliamentarians -- even within the ruling coalition -- have delayed and watered down a law establishing a National Integrity Agency to monitor officials' wealth while in office. EU officials admit that their post-accession monitoring efforts will be focused on EU-funded projects, not on the corruption issue as a whole. Continued joint EU and US pressure may also be needed to prevent back-sliding after January 1. End summary.

¶2. (C) Corruption still pervades many levels of Romanian society. Anecdotal evidence is commonplace: A hospital stay requires bribes to assure proper medical treatment, even minimum levels of service. Teaching posts can be bought and sold, since teachers and professors are in a position to generate income from students who will pay not just for a final grade, but in some instances even for each passing test result. Recently repaved roads quickly fall into disrepair because officials have little interest in questioning the quality of the work of their friends who provided them with kickbacks. Local mayors and prefects still openly demand bribes, as evidenced in the recent arrest of the young and notionally reformist Liberal Party prefect of Iasi. A U.S. aerospace contractor recently reported that he was hit up for a political donation by the (now-suspended) Defense Minister. Many parliamentarians and state officials live in expensive

villas despite their many years in public service earning what are on paper modest incomes.

13. (C) The European Commission's September 26 Monitoring Report on the state of preparedness for EU membership of Romania (and Bulgaria) highlighted "tangible progress" in establishing sound structures and launching a number of investigations into high-level corruption cases. It gave a green light to EU entry for Romania, but added a number of benchmarks required of Romania including, *inter alia*:

creation of an integrity agency to verify asset declarations of politicians and civil servants; continued professional, non-partisan investigations into allegations of high-level corruption; and unspecified "further measures" to prevent and fight against corruption, especially within the local government. Privately, however, our contacts remain less than sanguine about the anti-corruption effort. European Commission Delegation political counselor Onno Simons told Poloff that he considers Romania's political class to be "thoroughly corrupted" and only willing to build a faade of anti-corruption efforts for the sake of getting into the European Union. He asserted that once Romania was accepted into the EU, there would be no effective mechanism that the EU could put in place to further Romania's progress on important issues like anti-corruption and judicial reform. The EU, he argued, would have to deal with Romania exactly as it does with other EU members, "based on trust." He, like other EC delegation officials, questioned Romania's ability to absorb EU funding, citing the Bucharest City administration as an example of an institution where officials have preferred not to take advantage of EU funds, lest they have to develop more transparent practices of handling funds and contracts. British DCM Iain Lindsay also privately noted that some Romanian politicians he had thought were "on the good side" turned out to be "thoroughly

corrupt." He cited the way political parties were delaying and watering down the draft law on the National Integrity Agency as evidence that most politicians did not want any type of effective accountability that could identify their illegitimate incomes.

Part Firm Foundation, Part Flimsy Facade

14. (C) In order to enter NATO and now the EU, Romanians have had to acknowledge that corruption is a pervasive problem and to take actions to rein in the most egregious examples. Doing so unleashed a wave of popular indignation against corruption in Romanian politics that decisively tipped the 2004 parliamentary and presidential elections in favor of Traian Basescu and the current ruling coalition, which ran on an anti-corruption platform. The current government can boast some major successes. Minister of Justice Monica Macovei has earned renown for her efforts to reform the judicial system and to ensure anticorruption prosecutors in the National Anticorruption Directorate were empowered, independent, and equipped to investigate high-level corruption. Other Ministers have also established anticorruption departments focused on preventing and policing corruption within their own ranks. Most noteworthy is the Ministry of Administration and Interior's Anticorruption Directorate, led by General Director Marian Sintion, which attempts to police the police and has established a hotline for citizens' complaints. Investigators have already used these tips to catch officials accepting bribes. The Ministry of Defense is the latest to establish its own anticorruption department. Its first case (reftel) brought down the Chief of the General Staff, Gen. Eugen Badalan, among others. (note: The Badalan case, however, underscored that fighting corruption likely remains highly politicized. The investigation of the pro-Basescu former Chief of Staff was reportedly launched at the instigation of Prime Minister Tariceanu and his ally, suspended Defense Minister Atanasiu. While prosecutors uphold the investigation's merits, it is evident in this case that justice is not blind, but targeted.)

¶ 15. (C) The National Anticorruption Directorate (DNA), led by Chief Prosecutor Daniel Morar, has launched a series of investigations on high level politicians over the past year. These investigations have been unprecedented in publicly naming previous political "untouchables" as suspects, including former Prime Minister and then-President of the Chamber of Deputies Adrian Nastase, then-Vice Prime Minister George Copos, Chief of the General Staff Eugen Badalan, Constanta Mayor Radu Mazare, former Privatization Minister Ovidiu Musetescu, Economic Ministry State Secretary Ionel Mantog, Liberal Party (and Social Democratic Party) financier Dinu Patriciu, Senator Serban Mihailescu, Vrancea County Council President Marian Oprisan, and Iasi County Prefect Radu Prisacaru. Technical equipment and assistance from Embassy's Resident Legal Advisor have been central to many of DNA's recent successful investigations.

¶ 16. (C) The highly publicized investigations have even begun to affect some prominent political careers, with political parties reacting to a select few corruption investigations with their own sanctions, but usually only when the parties' leaderships see a clear-cut downside from inaction, or political advantages from acting against corrupt party officials. While the DNA has concluded almost a dozen of these high-level investigations and sent them to court, it remains to be seen whether the courts can administer justice in a timely and uncorrupted manner. The Minister of Justice has publicly regretted that Romanian judges were made independent before being made accountable, and the public generally believes many magistrates themselves to be highly corrupt. According to the EC Delegation's Progress Report of September 20, the courts have rendered final convictions against some 20 defendants, but most of them have been small fry, including one lawyer, six police officers, and one customs employee. Only one former Member of Parliament, Social Democrat Deputy Gabriel Bivolaru, has been convicted of fraud and is currently serving time in jail.

¶ 17. (C) Despite the lack of convincing examples that corrupt senior officials will eventually be convicted, there is a general view that anti-corruption efforts are positively impacting Romanian society. Corruption remains rampant in every sector, but the parade of dignitaries before anticorruption prosecutors magnified by a press eager to document the tiniest twist in high-level cases is sending a message that high level corruption can no longer be engaged

in with impunity. Control bodies within institutions are beginning to monitor the use of public and EU funds. A 16 percent flat tax on incomes has also brought many Romanians out of the grey market as they declare their actual incomes rather than evade taxes. The government has also succeeded in passing transparency laws on the use of public funds, eliminating the practice of rescheduling/exempting debt payments to the state, eliminating the immunity of ministers, and reinforcing criminal sanctions for tax evasion. Like it or not--and it is evident that many politicians do not--anticorruption has become an inescapable theme in Romanian political life.

¶ 18. (C) This mixed report card on corruption is also reflected in the polls. A government-conducted survey from July 2006 indicated that some 48 percent of respondents felt that corruption under the current government was the same as with the previous PSD-led government; 24 percent felt corruption had increased; only 15 percent saw progress in reducing corruption. The public viewed parliamentarians as the most corrupt (69 percent), followed by bureaucrats and government officials (58 percent); ministerial-level appointees (57 percent); policemen (57 percent); judges (50 percent); doctors (49 percent); and prosecutors (48 percent). Some ruling-party contacts have tried to spin the results by claiming that the government's willingness to release this polling data is a sign of new openness and maturity about the subject and that the public's evident dissatisfaction with corruption is a positive sign of greater public awareness of

the issue.

The Way Forward on Corruption Might Slide Backwards

¶9. (C) Despite the European Commission's cautiously affirmative report card on Romania's progress in addressing corruption, Romanian politicians may be tempted to resume their old ways once they are secure that nobody is looking over their shoulders. In February, the Senate, including the ruling coalition, attempted to revoke the DNA's authority to investigate parliamentarians. It was only concerted EU, U.S., and public pressure that convinced the parliament to reconsider. Similarly, in September, the ruling coalition's Hungarian (UDMR) and Conservative (PC) parties, along with the opposition Social Democrats, rewrote the MOJ-sponsored draft law establishing the National Integrity Agency (ANI) to remove the power to audit officials' asset declarations by accessing banking and real estate data. EU officials quickly and publicly reprimanded the heads of the Hungarian and Conservative parties for their parties' stances against this final piece of EU-endorsed anticorruption legislation. Minister of Justice Macovei subsequently threatened to resign over these revisions that would have effectively prevented the ANI from verifying officials' declarations of assets. Prime Minister Tariceanu in reply merely encouraged parliament not to do anything hastily that could result in any last-minute negative statements in the September 26 EU monitoring report.

¶10. (C) Despite joint PNL/PD public support for the National Integrity Agency, even PNL party members are not actively seeking passage of a strongly-empowered ANI. In a meeting with PolCouns, top Liberal Party official and Tariceanu confidant Christian David evinced skepticism about the National Integrity Agency as a tool against corruption. He acknowledged that every party accepted the need for such an agency, and predicted that it would eventually be approved by parliament, if only to meet EU expectations. However, he argued that that the agency as proposed by the MOJ risked the danger of "over-empowering" prosecutors in the fight against corruption, and said that the law needed to ensure that individuals were protected from personal vendettas or politically-motivated prosecution. He also expressed frustration with the EU position on the corruption issue, noting that there were "no real EU benchmarks" or plans to fight corruption and describing the EU's position towards Romania as "prejudice," since the EU was, in his view, applying standards for conduct not applied to previous aspirants or founding members such as Italy. For his part, opposition PSD president Mircea Geoana insisted Social Democrats were committed to fighting corruption but explained his party was opposed to the ANI because of the "non-consultative" approach taken by the MOJ.

¶11. (C) Comment: By all rights, the crowning jewel of the EU's campaign to impose anti-corruption measures on Romania should have been the creation of a National Integrity Agency to monitor the income of politicians and civil servants. Its

fate remains in the balance. However, even if a fully-empowered National Integrity Agency is created as a result of EU (and USG) pressure, it cannot do much itself to stymie the broad sweep of corrupt habits among business people, doctors, and petty officials. Nor can it directly address an issue highlighted by Justice Minister Macovei--that of making judges more accountable. The corruption probe of CHOD General Badalan also underscores that corruption investigations--just like the parallel issue of lustration of public figures with ties to the Securitate--is a highly politicized process that is as much about settling scores as it is promoting justice and transparency. Still, the past two years have had their share of anti-corruption successes as well. The proposed National Integrity Agency remains an important piece of the anti-corruption puzzle, as it would force Romanian officials to be accountable by making asset and interest declarations

open to official scrutiny and audit. Without firm U.S. and EU pressure, however, it is unlikely to be passed in any effective form. Both the U.S. and the EU will need to continue to work together after Romania's January 1 EU accession to promote transparency in Romanian government, accountability among Romanian officials, and an abiding commitment among everyday Romanians to expect more, not less, from their public servants and fellow citizens. End Comment.

Taubman